

Press Release

S.M.I. – Società Metallurgica Italiana S.p.A

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This press release is being issued to comply with the regular reporting requirement set forth in a Consob letter dated April 14, 2004.

At July 31, 2005, the **Group's net indebtedness** totaled €509.1 million. Borrowings were €15,7 million higher than a month earlier. The balance of the increase (€29.5 million) reflects a decrease in the amount of trade receivables assigned with recourse

Consolidated Financial Position of the Group

(in thousands of euros)	at 7/31/05	at 6/30/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	174,926	138,364	458,036	436,611
<i>Medium- and long-term bank debt</i>	478,514	478,650	195,492	239,643
<i>Loans payable to unconsolidated Group companies</i>	16,362	16,669	6,289	6,688
<i>Total indebtedness</i>	669,802	633,683	659,817	682,942
<i>Liquid assets</i>	(159,757)	(168,842)	(74,443)	(26,145)
<i>Loans receivable from unconsolidated Group companies</i>	(970)	(971)	(1,539)	(1,229)
<i>Total liquid assets and loans receivable</i>	(160,727)	(169,813)	(75,982)	(27,374)
<i>Net financial position</i>	509,075	463,870	583,835	655,568

The above amounts are net of factoring transactions that involved the assignment with recourse of trade receivables totaling €86.9 million at the end of July 2005, €116.4 million at the end of June 2005, €107.0 million at the end of December 2004 and €117.7 million at the end of June 2004.

As part of a series of financial transactions carried out to channel the funds generated by the G.I.M. S.p.A. capital increase to the operating companies, G.I.M. S.p.A. provided a €130-million subordinated stockholder loan to S.M.I. S.p.A.

The Group's bank debt includes a medium-term financing facility provided to KM Europa Metal AG by a group of banks that includes Mediobanca, whose share of the facility is €50 million. Mediobanca is a stockholder of G.I.M. S.p.A. and is a party to the G.I.M. Stockholder Agreement, with an interest equal to 2.69% of the common shares.

At the end of July 2005, about 90% of available bank facilities had been drawn down.

All social security and tax payments have been made on time.

With regard to commercial obligations, accounts payable totaled €2.8 million.

Net Financial Position of S.M.I. S.p.A., the Group's Parent Company

(in thousands of euros)	at 7/31/05	at 6/30/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	114	110	62,242	61,048
<i>Medium- and long-term bank debt</i>	783	783	783	878
<i>Loans payable to the controlling company</i>	13,126	13,465	3,620	3,735
<i>Total indebtedness</i>	14,023	14,358	66,645	65,661
<i>Liquid assets</i>	(246)	(192)	(8,443)	(6,245)
<i>Loans receivable from subsidiaries and affiliates</i>	(15,022)	(14,372)	(42,437)	(40,114)
<i>Total liquid assets and loans receivable</i>	(15,268)	(14,564)	(50,880)	(46,359)
<i>Net financial position</i>	(1,245)	(206)	15,765	19,302
<i>Subordinated stockholder loan from G.I.M. S.p.A.</i>	130,000	130,000	0	0

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This press release is available at the Company website, www.smi.it, where additional information may also be obtained.

Florence, August 31, 2005

S.M.I.-Società Metallurgica Italiana S.p.A.